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## ABSTRACT

This document explores various issues that affect Texas public school finance. It opens with an overview of the Texas public school system, which comprises 1,043 independent school districts, with an average of 6.4 campuses per district. The federal role in financing schools is examined, along with education finance and the state budget. Four major models of school-finance equalization are presented, and school-finance equity issues are dealt with in depth. The text looks at school-finance adequacy issues and lays out how local school districts secure their revenue, for example, a two-tier system. Expenditures for facilities and debt service and operating expenditures, including accounting procedures and laws governing financial transactions, are described. Some of the school-finance efficiency issues, such as productivity and educational outcomes, are discussed, as are public-policy issues: accountability, choice, and reading. Reform issues on the national and state levels receive coverage and include National Education Goals, safe schools and discipline, capacity, learning time, technology, and reducing the dropout rate. Finally, emerging issues in education, such as high standards and the importance of public education, are described. (RJM)

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## EDUCATIONAL FINANCE

### Briefing Paper: Texas Public School Finance and Related Issues

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**EDUCATIONAL FINANCE**

**BRIEFING PAPER: TEXAS PUBLIC SCHOOL FINANCE  
AND RELATED ISSUES**

Catherine P. Clark, Ph.D.  
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October 1997

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## THE TEXAS PUBLIC SCHOOL SYSTEM

### School District Profile

The current public school system comprises 1,043 independent school districts, with an average of 6.4 campuses per district, although the national average of campuses per district is 5.9. Each district is governed by an elected board of trustees with statutory authority and limitations in governing the district's schools. Districting for school purposes was authorized by constitutional amendment in 1883, but school districts were not fully available throughout Texas until 1909. School attendance was not made compulsory until 1916. According to a constitutional amendment of 1926, the Texas Legislature may create school districts only by "general law."

Separate schools were operated for whites and blacks until 1954, when the U.S. Supreme Court found this practice unconstitutional (*Brown v. Topeka*). Since 1955, various Texas school districts have been under federal court desegregation orders. The state as a whole has been under a federal desegregation order since 1970 (*U.S. v. Texas*).

About 54 percent of the independent school districts enroll fewer than 1,000 pupils. The large number of low-enrollment districts in the state is a frequent topic of discussion, and Texas is above the national average of low-enrollment districts (48 percent).

During the 1996-97 school year, 17 open-enrollment charter schools opened in Texas, serving nearly 4,000 students. In 1997, the Texas Legislature authorized the State Board of Education to approve an additional 100 open-enrollment charter schools, with the provision to expand the number designated for at-risk students. Texas also provides for unlimited campus and program charters to be approved by school boards.

Schools are vital to the economic health of many Texas communities. The public schools employ more than 461,800 persons, including about 240,300 teachers and about 15,500 administrators. School employees constitute about 5 percent of the entire state work force. In more than half of Texas counties, school districts are the major employers.

### Student Profile

The Texas public education system serves 3.84 million students in prekindergarten through grade 12. Enrollment continues to increase annually, although the annual growth rate has slowed to about 2 percent over the past several years. In 1993, only 5.5 percent of Texas students attended private schools, compared with a national average of 11 percent. The continued growth in pupil population has implications for both state and local budgets.

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In 1994-95, approximately 128,369 public school students were enrolled in the same grade as in 1993-94. These 128,369 retainees represent a 4 percent statewide retention rate. The rationale for retaining students in a grade is usually poor academic progress.

Since 1985, the statewide dropout rate for students in grades 7 through 12 has declined from nearly 7 percent annually (more than 90,000 students) to 1.8 percent in 1995-96 (29,207 students), according to the most recent information from the Texas Education Agency (TEA). It should be noted that the methodology for calculating the state dropout rate has changed several times since 1985.

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## THE FEDERAL ROLE IN FINANCING THE SCHOOLS

Federal funds made up 8.8 percent of Texas public education revenues in 1995-96.

The federal government has no constitutional mandate to expend funds for public education, and federal funding was extremely limited until after World War II. The most significant early legislation was the Smith-Hughes Act of 1917, which provided vocational education assistance. In 1947, the National School Lunch Program was adopted as a national defense measure. In 1964, federal aid increased greatly through the Elementary and Secondary Education Act (ESEA), now the Improving America's Schools Act of 1994.

Federal funds made up 8.8 percent of Texas public education revenues in 1995-96. Most of this revenue goes directly to school districts. The majority of funds must be spent to supplement programs already in place, not to relieve the state of its obligation to provide programs to meet special needs of students. Texas has received funding to support the development of charter schools and funding to support developing the Texas Essential Knowledge and Skills.

Most federal funds are targeted for specific programs. Federal aid must supplement, and may not supplant, programs supported by state and local funds. The most frequently targeted areas are instructional programs for low-achieving and disadvantaged students, special education programs, and vocational education programs.

In 1996, Texas was granted special Ed-Flex status. This status will allow Texas, through the office of the Commissioner of Education, to significantly increase flexibility in implementing federal programs in Texas public schools.

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## EDUCATION FINANCE AND THE STATE BUDGET

28.1 percent of all state expenditures went to public education in 1995-96.

The financing of public elementary and secondary education in Texas is the state's highest budget priority. The most recent data indicate that about 28.1 percent of all state expenditures go to public education in Texas, compared to a national average of about 20.9 percent. About 42.1 percent of state appropriations are allocated to public education.

In 1996-97, Texas school districts reported adopted budgets totaling about \$18 billion. From a local budget perspective, 55.0 percent of revenue comes from local funds, 44.5 percent from state funds, and 0.5 percent from federal funds budgeted for the general funds of school districts. TEA no longer requires school districts to include numerous special funds (e.g., sale of bonds, most budgeted federal funds, capital funds) in submitted budget data, so the reported total is less than the actual total for all expenditure categories.

Rankings of state financial profiles reveal the position of Texas relative to the other states:

| Comparison                                                                                            | Texas Rank |
|-------------------------------------------------------------------------------------------------------|------------|
| Personal income per capita (1994) .....                                                               | 33         |
| State and local property tax revenue per capita (1992-93) .....                                       | 20         |
| State tax revenue per capita (1993-94) .....                                                          | 47         |
| Percent of public school revenue from federal government (1995-96) .....                              | 12         |
| Public school revenue per pupil in ADA (1995-96) .....                                                | 34         |
| Total state and local government expenditures per capita (1992-93) .....                              | 39         |
| State and local direct expenditures for elementary and<br>secondary education per capita (1994) ..... | 20         |
| Public schools' current expenditure per pupil in ADA (1995-96) .....                                  | 32         |

Texas ranks 11th among the states in the reliance on property taxes (expressed as a percentage of all state and local taxes). Texas public schools have a higher voter-approved debt burden per student than any other state (approaching \$10.9 billion, or about \$2,840 per student, on average). The debt burden for the 1996 fiscal year represents a 14.6 percent increase from the previous year. Debt service per student in average daily attendance for the 1996 fiscal year averaged \$382, with property-wealthy districts having more debt per student than property-poor districts. Moreover, 28 school districts account for half of the total debt.

The following data reflect differences in revenue sources for public schools in the past decade:

| Comparison      | 1985-86 | 1995-96 |
|-----------------|---------|---------|
| Federal revenue | 7.1%    | 8.8%    |
| State revenue   | 45.9%   | 43.5%   |
| Local revenue   | 47.0%   | 47.7%   |

## Property Taxation Issues

According to the Texas Comptroller of Public Accounts, Texas school property taxes exceeded \$9.9 billion in 1996. Texas businesses paid 48 percent of all 1996 school taxes, more than \$4.7 billion. Of all business properties, only oil and gas properties experienced a property tax decrease. Texas homeowners, who pay 39 percent of local school taxes, saw their 1996 school property taxes grow. All residential properties (including homesteads) accounted for 44 percent of the school tax burden. Farm and ranch property and acreage accounted for 8 percent of school property taxes, and other personal property amounted to less than 1 percent of the total.

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## EQUALIZATION THEORIES AND METHODS

There are four major models of school finance equalization: (1) foundation programs, (2) percentage equalizing, (3) guaranteed tax base, and (4) power equalizing. They all combine or recombine factors such as (a) district wealth, (b) district needs, (c) district tax effort, (d) district tax yield, and (e) inclusivity of state assistance. In their essential forms, all the models are mathematically equivalent; they merely emphasize different aspects or types of equity.

The following are recognized aspects of school finance equity:

### Pupil Equity

- Horizontal pupil equity (equal treatment of equals)
- Vertical pupil equity (unequal treatment of unequals)
- Equal opportunity (no wealth discrimination)

### Taxpayer Equity

- Horizontal incidence (equal incidence on taxpayers with equal ability to pay)
- Vertical incidence (variable incidence according to variable ability to pay)
- Equal yield for equal effort (identical tax rates generate equal revenues per pupil)
- Spending determined by preference, not ability to pay (spending and wealth are not correlated)
- Social welfare function (net economic position of the family is improved when service inflows exceed cost outflows)

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## SCHOOL FINANCE EQUITY ISSUES

Inequities in public school finance have been a national concern since the 1960s and are a logical extension of U.S. Supreme Court rulings affecting school desegregation (1954), legislative reapportionment (1962), and protection of the civil rights of the poor (1965). In 1973, the U.S. Supreme Court found the Texas school finance system constitutional in *Rodriguez v. San Antonio ISD*, ending federal court challenges to the constitutionality of state school finance plans.

According to a review by the Education Commission of the States (ECS), there are 12 states in which the school finance system was ruled unconstitutional by the state's highest court. Two additional states have had the funding system ruled unconstitutional by a lower court, and the state did not appeal. In 17 states, the highest court has upheld the school finance system as constitutional. ECS notes that school finance litigation is in process in 11 states, including six states in which the state's high court has, in the past, made a ruling.

Litigants seek equity in school finance using one of several approaches. They may seek equity in funding as a requirement of equal protection provisions in the state constitution, or they may seek it as a means to secure "efficiency" in public finance. They may also look to the court to define and meet state standards for "adequate" or "thorough and efficient" education for all children. In

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Texas, the trial court in *Edgewood ISD v. Kirby* (1987) found the Texas school finance system unconstitutional on both equal protection and efficiency counts because the system discriminated against students living in poor school districts. In 1989, the Texas Supreme Court upheld the ruling on the violation of the efficient system clause, but did not take up the equal protection arguments. In response to this decision, the legislature enacted Senate Bill 1 on June 7, 1990. The legislation provided an immediate funding increase along with a five-year phase-in of reforms requiring that 95 percent of students be in a wealth-neutral system by 1995. The Texas Supreme Court rejected this plan in *Edgewood II* on the grounds that equalization for 95 percent of the students is not "substantially equal." The Legislature passed new legislation in May 1991 creating County Education Districts (CED) by tax base consolidation. The Supreme Court ruled the CED mandatory property tax unconstitutional in January 1992 in *Edgewood III*. In May 1993, the Texas Legislature passed Senate Bill 7, which directs high-wealth school districts to reduce property wealth. This system was upheld by the Texas Supreme Court in January 1995 (*Edgewood IV*).

There are two judicial standards of school finance equity. One is expenditure equality, which requires that districts spend similar amounts of money per pupil. The second is fiscal neutrality, which requires that district resources be independent of district wealth. In a fiscally neutral system, all districts should have the opportunity to generate similar revenues per pupil at similar levels of tax effort. Fiscal neutrality characterizes the Texas equity standard.

More than 260 Texas school districts challenged the school finance system enacted in May 1993 on the grounds that it failed to make "suitable provision" for the system of public education in Texas. Plaintiffs fashioned their argument on four points: (1) the state share of funding for public schools is less than 50 percent; (2) the state has failed to provide support through the foundation program for its mandates; (3) local districts must increase property taxes sharply to provide mandated programs, further shifting the burden for public school funding away from state aid; and (4) overall funding is not sufficient to provide accredited education programs across the state. In December 1993, the district court held for the state and determined that plaintiff claims regarding "suitable provision" were a political rather than a legal matter.

These are the principal causes of school finance inequities in most states:

- Differences in taxable wealth per pupil among school districts;
- Property tax systems that are not equal and uniform and which further exacerbate the disparities resulting from differences in taxable wealth;
- Different levels of tax effort exerted by school districts, resulting in unequal expenditures even when property tax disparities have been reduced;
- Over reliance on the local property tax revenues to fund public education; and
- Methods of allocating funds to school districts that do not overcome wealth differences among districts, in an effective manner.

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In *Edgewood*, the fiscal neutrality standard was imposed. The Supreme Court stated that there must be a "direct and close correlation between a district's tax effort and the educational resources available to it" and that school district revenues must be substantially equal at similar levels of tax effort. The Court also found an implicit link between efficiency and equality. However, the Court did not ignore expenditure equality as a standard, and the Court made several statements about the lack of adequacy of state aid.

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## **SCHOOL FINANCE ADEQUACY ISSUES**

Adequacy, as a school finance goal, is defined as sufficiency of resource inputs or inputs in amounts sufficient to ensure desired outcomes. The classic question in school finance has been: How much is enough? Although conservation of resource inputs is an important goal, insufficient state resources may result in inequities. Underfunding may also lead to a "paradox of thrift" where patterns of low support result in problems that are very costly to remediate. Therefore, calibration of school finance formulas based on measured needs is crucial to the productivity of an education system.

The Basic Allotment (BA) of the Texas foundation program is the allocation per unweighted student in average daily attendance before all adjustments are made for pupil weights and district cost factors. The BA now stands at \$2,387 and may rise to \$2,396 if voters approve a constitutional amendment in November 1997.

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## **SCHOOL DISTRICT FINANCE IN TEXAS**

About 95.2 percent of all local school district revenues come from the local property tax, the only tax available to school districts. The remainder comes from such sources as interest earnings and co-curricular revenues, tuition, and fees. Food service and lunch and breakfast receipts are not included in this calculation.

The 1996-97 state average value of taxable property per student enrolled is \$180,770, compared with \$176,349 for 1995-96. However, 1996-97 taxable values range from a low value of \$11,628 per student enrolled to over \$5 million per student enrolled. High-wealth districts must reduce their property wealth to \$280,000 per weighted student, substantially reducing the range of taxable property wealth among Texas school districts.

### **A Two-Tier System**

The Texas school finance model is a two-tiered system. The first tier of aid is based on traditional foundation program theory: (1) the state supports a uniform minimum level of expenditures in each district in the state, (2) the program is equalized based on the taxable wealth of the school district, (3) there is a required minimum effective tax rate of 86 cents for 1996-97, (4) the foundation level is based on a basic allotment and a series of formulas intended to measure district needs, and (5) districts may not enrich the foundation program except as described below. District wealth is capped at \$280,000 per weighted student. Districts with wealth in excess of that amount must select among five options to reduce the wealth level to \$280,000.

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The second tier is based on guaranteed yield principles and ensures equitable availability of monies for district tax effort above the required rate of 86 cents. Currently, districts may make a tax effort for up to 64 cents per \$100 beyond 86 cents (or a total of \$1.50 per \$100). The guarantee is \$21 per penny per weighted pupil.

The Texas school finance system provides an average first tier revenue per-student enrolled of \$3,121 for 1996-97. The state average per-student revenue for the second tier is \$1,461, making total first and second tier revenue about \$4,582.

For the 1998-99 biennium, the state increased its support for public schools by \$1.6 billion.

For the 1998-99 biennium, the state increased its support for public schools by \$1.6 billion. These funds help pay for increased enrollments, increased first tier allotments, increased tier two funding requirements driven by higher tax rates, and other non-foundation program changes such as a safe schools initiative, teacher salary schedule increases, and testing expenses.

## **Expenditures for Facilities and Debt Service**

Independent school districts are subject to a statutory maximum maintenance and operations (M&O) tax of \$1.50 per \$100 of property value. If an independent district increases its effective M&O tax rate by more than 8 cents from one year to the next, a rollback election is automatically called. If the rollback measure passes, tax rates are rolled back to the effective rate in the current year plus the rate needed to fund debt service. Law no longer permits school districts to hold elections to exceed the \$1.50 total tax rate.

Bonded debt of independent school districts must be authorized by voters at a bond election. The debt service tax rate is limited to the rate derived from a bonded debt limit of 10 percent of assessed value or 50 cents, whichever is lower. Different laws relate to "new" debt and "old" debt. The debt service tax is not subject to rollback because it derives from a vote of the citizens.

In 1997, the state legislature enacted a facilities funding system that makes state aid available to school districts for instructional facilities. Aid is equalized using a guaranteed-yield type formula. School districts must apply for support. The legislature appropriated \$200 million for the 1998-99 biennium. As of October 1, 1997, about \$65 million had been committed for allocation to school districts in 1997-98 and \$135 million in 1998-99, allowing nearly \$3 billion worth of new debt issuance for school facilities.

## **Operating Expenditures**

Local school districts follow standardized accounting procedures and numerous laws governing financial transactions, including open meetings laws, competitive bidding laws, minimum salary laws, and others. School districts may not legally adopt a deficit budget.

Current operating expenditures, including payroll costs, purchased and contracted services, supplies and materials, and miscellaneous operating expenses, account for 88.8 percent of school district budgets. Debt service and capital outlay costs consume 11.2 percent of district budgets, including expenditures from bond proceeds. In 1996-97, school districts budgeted an average of \$4,329 per student for current operations.

Average current operating expenditures for the following functions were budgeted for 1996-97:

|                                                          |       |
|----------------------------------------------------------|-------|
| Instruction.....                                         | 61.1% |
| Instructional-related services.....                      | 3.0%  |
| Pupil services.....                                      | 10.2% |
| Administration (general, instructional, and school)..... | 12.8% |
| Plant services.....                                      | 12.7% |
| Community services.....                                  | 0.2%  |

Another way to view school districts' current operating expenditures (budgeted for 1996-97) is by object of expenditure rather than by function:

|                                        |       |
|----------------------------------------|-------|
| Payroll costs.....                     | 83.5% |
| Purchased and contracted services..... | 8.8%  |
| Supplies and materials.....            | 5.4%  |
| Other operating expenses.....          | 2.3%  |

From this display it can be seen that public education is labor intensive, with most expenditures attributed to salary and benefit costs for personnel.

## SCHOOL FINANCE EFFICIENCY ISSUES

Two concepts of efficiency are pertinent to public school finance. The first, and older, idea is that efficiency means minimized resource inputs, frugality, and economy of operations. Although this concept is still cogent, a more modern definition of efficiency has emerged. Efficiency is also viewed as the distribution of resources to secure the best results; that is, "efficient schools" are more productive of results rather than merely cheaper. Therefore, efficiency can be viewed in terms of input-output analysis.

Teachers and schools differ dramatically in their effectiveness, yet there appears to be no strong systematic relationship between school expenditures in the aggregate and student performance, as schools are currently operated. This fact does not mean, as many are heard to say, that money does not make a difference in achievement. It means that money is necessary, but not sufficient, to bring about improved achievement. The challenge is to improve productivity with limited resources.

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## Productivity

According to experts, there are three dimensions to the challenge of educational productivity.

- The first challenge is simply to develop strategies to use current and future increases in resources to boost traditional forms of student learning—the types that are assessed with standardized tests.
- The second productivity challenge is to use current and future revenues to produce new types of learning such as problem solving, team learning, and higher-order thinking skills.
- The third productivity challenge is to use revenues to produce high levels of complex learning for all students.

## Educational Outcomes

Texas students in grades 3 through 8 take the Texas Assessment of Academic Skills (TAAS) in the spring. A student must master 70 percent or more of the test items to earn a passing score. Student performance on TAAS has risen when measured in terms of percent of students passing the test, but performance remains below the state standard of 90 percent passing all TAAS tests. The table below shows selected statistics related to the percentage of students passing TAAS. These numbers reflect TAAS tests administered in English.

**Percentage of Students Passing TAAS**

|                   | 1995 | 1996 | 1997 |
|-------------------|------|------|------|
| Grade 4—all tests | 64%  | 67%  | 72%  |
| Grade 4—reading   | 80   | 78   | 82   |
| Grade 4—writing   | 85   | 86   | 87   |
| Grade 4—math      | 71   | 78   | 82   |
| Grade 8—all tests | 47   | 59   | 66   |
| Grade 8—reading   | 76   | 77   | 83   |
| Grade 8—writing   | 75   | 76   | 80   |
| Grade 8—math      | 57   | 68   | 76   |

While education costs in Texas and in the nation have increased dramatically in recent years, indicators such as college admissions tests have not risen at the same rate. There are several potential explanations for this difference:

- Texas lags behind other states in fiscal input to public education generally, leaving educators relatively fewer resources with which to work than are available in other states.
- Factors such as facilities financing, lower class size, and school safety measures may take precedence over instructional activities in the financial allocation process.
- Current output measures (such as SAT and ACT tests) do not truly reflect system improvements; better measures of performance are needed.

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- Expenditures for the majority of students who are in regular education programs have remained level for many years. Much of the expenditure increase of the past decade has been the result of increased services (educational and noneducational) to students with special learning needs and students with disabilities. Regular-program students are most likely to participate in assessments used to evaluate schools. When resources for and performance by regular-program students are linked, moderate gains in academic performance emerge.
  - The public education system needs to seek continuous improvement of student performance in all schools throughout the state.

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## **PUBLIC POLICY ISSUES**

### **Accountability**

Greater accountability is a significant reform issue. Indicator systems and state-level report cards are intended to audit accountability. Assistance to low-performing schools and districts is also a component of the accountability process. The accountability system calls for principals, superintendents, and regional education service centers to be assessed, in part, according to performance related to student outcomes on accountability indicators.

### **Choice**

The concept of choice has emerged in public education as a response to parent and community concerns over low school quality. Some reformers advocate public charter schools as a way to expand options for parents. In 1995, the Texas Legislature provided a foundation for four types of chartering in Texas. (1) Texas school districts may undertake to become "home-rule charter districts" to be freed from a number of state laws and regulations. (2) Local school boards may approve charter schools and (3) charter programs within their districts. (4) Open-enrollment charter schools may be approved by the State Board of Education.

Public education grants are provided for families of children attending school at a low-performing campus. Law permits parents to request placement at another campus or district, subject to the approval of the receiving school board.

Recently published research on private vouchers and family choice within public schools shows increased satisfaction when parents are able to choose. Evidence for increased academic performance under district choice plans is inconclusive. It is also inconclusive in the case of private vouchers. As states implement various choice plans, research information may become available on the efficiency of such plans.

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## Reading

In January 1996, Governor George W. Bush challenged Texas educators with the announcement of the Texas Reading Initiative. The initiative's goal is to ensure that all Texas students read on grade level by the end of third grade and continue to read on grade level throughout their school experience. In collaboration with the reading challenge, the Commissioner of Education approved selection of 12 Reading Spotlight Schools. Recent research on reading instruction shows that good planning, teacher and student use of a wide variety of materials, and a balanced approach to instruction results in good reading performance.

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## NATIONAL REFORM INITIATIVES

### National Education Goals

The Federal Goals 2000: Educate America Act provides a framework for education reform to be carried out by state and local government agencies. The Act rests on the principle that "all students can learn and achieve to high standards." It also constructs a process for developing voluntary national content standards in core subjects. To provide a framework for high standards and an environment for success of all students, the Act establishes eight national goals to be met by the year 2000:

- All children will come to school ready to learn.
- Ninety percent of students will graduate.
- All children will be competent in core subjects.
- U.S. students will be first in the world in math and science.
- Every adult will be literate and able to compete in the work force.
- Schools will be safe, disciplined, and drug free.
- All teachers will have access to programs to improve their professional skills and knowledge.
- Every school will promote parental involvement.

The majority of appropriated funds for federally supported programs are reserved for programs such as Title I. For the 1996-97 school year, Congress appropriated approximately \$7.3 billion for Title I basic grants, the largest federally funded elementary and secondary education program. Title I funds are used to serve disadvantaged students. Other federally supported programs include impact aid, safe/drug-free schools, special education, vocational education, school-to-work, education technology, bilingual and immigrant education, adult education, Chapter 2 innovative strategies, and Eisenhower professional development. Most of the funds for these programs are distributed in the form of state grants.

### Safe Schools and Discipline

Some students are unable to comply with ordinary codes of conduct established to maintain safe and orderly schools. These youth disrupt the learning environment and may be a danger to other students and school staff. To ensure that schools are safe, many school districts now provide alternative education

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programs for disruptive and violent youth. Such alternatives are more costly than regular and compensatory education programs. The 1997 Phi Delta Kappa/Gallup Poll indicates that the public feels strongly that moving persistent troublemakers into alternative schools improves student achievement a great deal or quite a lot.

In a 1997 survey, only 37.8 percent of teenaged students believed discipline to be a serious problem in their own schools. Youth of all ages and backgrounds continue to believe that drugs are the worst problem facing teenagers today. The public as a whole feels that lack of discipline, use of drugs, and fighting/violence/gangs are among the biggest problems facing public schools. The public also strongly favors zero-tolerance policies for drugs and weapons in public schools.

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## **TEXAS REFORM INITIATIVES**

Among the many reform initiatives being implemented in Texas and other states are those addressing more intensive academic work. Such efforts include stiffer high school graduation requirements, more challenging course content and textbooks, stronger focus on higher-level thinking skills, and greater emphasis on mathematics, science, foreign language, and technology. The recommended high school program developed by the State Board of Education (1993) has many of these attributes. The advanced high school program also furthers these goals.

### **Capacity**

"Capacity building" refers to activities that increase the ability of the education system to help all students meet more challenging academic standards. If the capacity of the system is insufficient for accomplishing a desired goal, capacity may be increased by improving the performance of individual teachers and principals; by adding resources such as personnel, materials, and technology; by restructuring how work (the school day and/or school year) is organized; and by restructuring how education services are delivered. The State Board for Educator Certification will change the requirements for initial and continuing certification for educators to bring them in line with higher expectations for performance by students. Education service centers will assist school districts in preparing educators for the new Texas Essential Knowledge and Skills.

### **Learning Time**

Because of the importance of time to learning, many advocate longer school days and a longer school year in Texas. Texas schools offer instruction for 180 days, two days longer than the U.S. average. Better use of available school time will continue to be emphasized. Longer school days, extended school years, year-round schools, and summer programs for particular groups of students (e.g., at-risk, special education, those needing additional English-language training) continue to be discussed as reform measures and are being implemented in many Texas school districts. Texas has allocated over \$100 million to

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encourage school districts to offer extended-year programs to students whose school performance has been below what is expected at their grade level.

## Technology

The use of technology in instruction is a significant reform issue. State funding for technology and technology-related staff development are key points. Technology in Texas school districts has increased significantly in the past several years, particularly in administration and intra district communication; however, the use of technology in instruction needs more development. In 1996, about 47 percent of Texas public school campuses had direct Internet connections. Sixty-five percent of schools nationwide had Internet access in 1996, representing a notable nationwide increase from 50 percent in 1995 and from 35 percent in 1994. Fifty-nine percent of Texas teachers do not use the Internet as an instructional tool in the classroom. This percentage may be linked to the lack of targeted technology-related staff development days in Texas schools or to the lack of Internet access in individual classrooms. Moreover, Texas currently averages 31 students per multimedia computer, which is equivalent to a ranking of 23rd nationally.

Fifty-nine percent of Texas teachers do not use the Internet as an instructional tool in the classroom.

## Reducing the Dropout Rate

Dropout reduction is another significant reform issue. In 1995-96, the highest number of Texas dropouts was in 9th and 12th grades. Surprisingly, the percentage of economically disadvantaged students dropping out of school declined in 1995-96. Students give many reasons for dropping out of school, the most frequent being poor attendance. Others include entering an alternative program, pursuing a job, and low or failing grades.

Dropout prevention programs vary greatly according to the needs of a district. Many dropout prevention programs include strategies such as individualized instruction, accelerated instruction, mentorship and counseling, scheduling flexibility, and parental involvement. The majority of dropout prevention programs are developed for at-risk students even though less than 40 percent of dropouts were classified as at-risk in 1995-96.

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## EMERGING ISSUES IN EDUCATION

The consensus among both educators and the American public is that public school choice is a good thing. When choice extends to private and parochial schools through voucher programs, consensus falls apart. Adults in a recent Wall Street Journal/NBC News poll favor public-school choice by 73 percent to 25 percent; however, 52 percent oppose choice programs that include private schools and 45 percent favor them. According to opponents, vouchers that could be used at private schools would reduce public accountability, destroy community interest and involvement in schools, and leave poor children in low-performing schools. Proponents counter that voucher participants would hold schools to higher standards of accountability and that poor children deserve the same opportunities that more fortunate children have, i.e., the chance to go to a private school if they would like to do so.

President Clinton is proposing voluntary national tests in reading and math for grades 4 and 8. According to information reported in national polls in 1997, 81 percent of adults favor Clinton's initiative, with almost half the public strongly in favor and only 16 percent opposed. When asked whether the federal government itself should establish a national test, only 49 percent of the public agrees. Clearly the public favors federal involvement and support but not necessarily federal direction.

High standards linked to challenging assessments are already in place. Forty-eight states today either have mandatory tests or are drafting them, according to the U.S. Department of Education. Within the past five years, there has been an increase in the number of high school students taking Advanced Placement courses—challenging classes that may culminate with a very difficult exam. One-third of college freshmen took Advanced Placement courses in high school. Each year more and more students take college entrance examinations, the SAT and ACT.

In 1997, the American public rated education as the highest priority for the federal government, ahead of reducing the deficit, protecting Social Security and Medicare, and reducing crime.

In 1997, the American public rated education as the highest priority for the federal government, ahead of reducing the deficit, protecting Social Security and Medicare, and reducing crime. Education is the responsibility of state and local government, an arrangement most Americans favor; only 13 percent think the federal government should be the dominant element in public education. However, the public sees federal efforts as an important catalyst for change and improvement, and many favor increased federal support for schools, particularly for school facilities.

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